Department of Justice

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NORTHERN CALIFORNIA REAL ESTATE INVESTOR AGREES TO PLEAD GUILTY TO BID RIGGING AND FRAUD CONSPIRACIES AT PUBLIC FORECLOSURE AUCTIONS

Investigations Have Yielded 52 Plea Agreements and Five Indictments Against 20 Real Estate Investors to Date

WASHINGTON – A Northern California real estate investor has agreed to plead guilty for his role in bid rigging and fraud conspiracies at public real estate foreclosure auctions in Northern California, the Department of Justice announced.

Felony charges were filed today in the U.S. District Court of the Northern District of California in Oakland against Ramin Yeganeh of San Mateo, California. To date, 52 individuals have pleaded guilty or agreed to plead guilty to criminal charges as a result of the department's ongoing antitrust investigations into bid rigging and fraud at public foreclosure auctions in Northern California. In addition, 20 other real estate investors have been charged in five multi-count indictments for their roles in bid rigging and fraud schemes at foreclosure auctions in Alameda, Contra Costa, San Mateo and San Francisco counties.

"Our Northern California real estate investigations have yielded more pleas than any other Antitrust Division matter in recent memory, but our work is not done," said Assistant Attorney General Bill Baer of the Justice Department's Antitrust Division. "The sheer number of individuals involved in these conspiracies only emphasizes how critical it is that we remain committed to investigating and prosecuting those who have corrupted the public foreclosure auction process."

According to court documents, beginning as early as May 2008 and continuing until about October 2010, Yeganeh conspired with others not to bid against one another, and instead designate a winning bidder to obtain selected properties at public real estate foreclosure auctions in Alameda County. Yeganeh was also charged with conspiring to use the mail to carry out a scheme to fraudulently acquire title to selected Alameda County properties sold at public auctions, to make and receive payoffs, and to divert money to co-conspirators that would have otherwise gone to mortgage holders and other beneficiaries by holding second, private auctions open only to members of the conspiracy. Selected properties were then awarded to the conspirators who submitted the highest bids in the second, private auctions. The private auctions often took place at or near the courthouse steps where the public auctions were held.

"These charges demonstrate our continued commitment to investigate and prosecute individuals and organizations responsible for the corruption of the public foreclosure auction process," said FBI Special Agent in Charge David J. Johnson of the FBI's San Francisco Field Office. "The FBI is committed to work these important cases and remains unwavering in our dedication to bring the members of these illegal conspiracies to justice."

A violation of the Sherman Act carries a maximum penalty of 10 years in prison and a $1 million fine for individuals. The maximum fine for the Sherman Act charges may be increased to twice the gain derived from the crime or twice the loss suffered by the victims if either amount is greater than $1 million. A count of conspiracy to commit mail fraud carries a maximum sentence of 30 years in prison and a $1 million fine. The government can also seek to forfeit the proceeds earned from participating in the conspiracy to commit mail fraud.

Today's charges are the latest filed by the department in its ongoing investigation into bid rigging and fraud at public real estate foreclosure auctions in San Francisco, San Mateo, Contra Costa and Alameda counties, California. These investigations are being conducted by the Antitrust Division's San Francisco Office and the FBI's San Francisco Office. Anyone with information concerning bid rigging or fraud related to public real estate foreclosure auctions should contact the Antitrust Division's San Francisco Office at 415-934-5300, or call the FBI tip line at 415-553-7400.

The charges were brought in connection with the President's Financial Fraud Enforcement Task Force. The task force was established to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies, 94 U.S. attorneys' offices, and state and local partners, it's the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud. Since its formation, the task force has made great strides in facilitating increased investigation and prosecution of financial crimes; enhancing coordination and cooperation among federal, state and local authorities; addressing discrimination in the lending and financial markets; and conducting outreach to the public, victims, financial institutions and other organizations. Over the past three fiscal years, the Justice Department has filed nearly 10,000 financial fraud cases against nearly 15,000 defendants, including more than 2,900 mortgage fraud defendants. For more information on the task force, please visit www.StopFraud.gov.

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